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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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BAE

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SUMMARY

Economic activity in mid-year held at the high rate of recent months. Employment and incomes continued near record levels and are expected to remain high during the next few months. Retail buying in June was maintained at a level 4 percent above a year earlier but some decline was reported for department store sales in July. Industrial production dropped about the usual amount in July as many plants shut down for summer vacations, but construction activity was at a record rate. In recent weeks, wholesale prices of farm products weakened somewhat, while prices for other than farm and food products held at levels about 2 percent above a year earlier.

High production rates contributed to a very rapid inventory accumulation during the second quarter of this year even though total sales were maintained near record levels. Most of the stock build-up was in durable manufacturing industries where deliveries also have been running at near-record rates. In recent months retail inventories have grown relative to sales, largely due to the build-up in stocks of passenger cars and home appliances. Larger inventories resulted in production cut backs for some durable household goods in the second quarter.

Consumer incomes after taxes in the first half of this year were up about 7 percent from the same period of 1952 and domestic demand is generally strong. However, increased supplies of farm products and a reduced foreign market have contributed to a drop of 12 percent in prices received by farmers since July last year. Most of the decline occurred in the last half of 1952. Marketings of farm products are somewhat larger this year but with lower prices, farmers' cash receipts in the first 7 months of 1953 totaled about 6 percent below the same period last year. The index of prices paid by farmers including interest, taxes and wage rates--the parity index--was down only 3 percent from mid-1952. With substantially lower prices received, the parity ratio declined one point over the month to 93 in mid-July compared with 103 a year earlier.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953			
		Year	July	Apr.	May	June	July
Industrial production <u>1/</u>							
Total	1935-39=100:	219	193	241	240	241	p232
All manufactures	do.	230	202	255	253	253	p244
Durable goods	do.	280	230	326	321	321	p311
Nondurable goods	do.	189	179	198	199	199	p190
Minerals	do.	160	142	164	166	170	p162
Construction activity <u>1/</u> #							
Contracts, total	1947-49=100:	183	177	179	161	155	
Contracts, residential	do.	181	196	179	164	159	
Wholesale prices <u>2/</u> #							
All commodities	1947-49=100:	112	112	109	110	110	111
All commodities except farm and food	do.	113	112	113	114	114	115
Farm products	do.	107	110	97	98	95	98
Processed foods	do.	109	110	103	104	103	106
Prices received and paid by farmers <u>3/</u>							
Prices received, all products...	1910-14=100:	288	295	259	261	259	259
Prices paid, interest, taxes, and wage rates	do.	286	286	279	279	276	278
Parity ratio		101	103	93	94	94	93
Consumers' price <u>2/</u> <u>4/</u> #							
Total	1947-49=100:	114	114	114	114	114	
Food	do.	115	116	112	112	114	
Income							
Nonagricultural payments <u>5/</u> ...	Bill. dol.	249.9	246.0	265.5	267.2	268.7	
Production worker pay rolls <u>2/</u> #	1947-49=100:	135.3	122.2	150.1	150.1		
Weekly earnings of production workers <u>2/</u> #							
All manufacturing	Dollars	67.97	65.44	71.40	71.63	72.04	
Durable goods	do.	73.04	69.55	76.96	77.19	77.61	
Nondurable goods	do.	60.98	60.68	62.81	63.20	63.36	
Employment							
Total civilian <u>6/</u>	Millions	61.3	62.2	61.2	61.7	63.2	63.1
Nonagricultural <u>6/</u>	do.	54.5	54.6	55.2	55.3	55.2	55.5
Agricultural <u>6/</u>	do.	6.8	7.6	6.1	6.4	7.9	7.6
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating	dollars	5,950	3,593	3,214	5,294		
Outgo, cash operating	do.	6,082	6,233	6,443	6,673		
Net cash operating income or outgo	do.	- 132	-2,640	-3,229	-1,380		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis.

Revised series. p= Preliminary.

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The 1953 harvest will be only slightly below the 1948 record, about the same as last year, according to August 1 conditions. Prospects indicate a slightly larger output of livestock and livestock products, particularly beef and milk. In addition to this year's prospective production, carry-over stocks are substantial for many commodities especially wheat, corn, cotton, fats and oils and manufactured dairy products.

Reflecting large supplies and seasonal price movements, central market prices for several major farm products declined in late July and early August. Large price declines were registered for hogs and lower quality cattle as prices dropped more than usual in response to the seasonal increase in marketings. Cotton prices eased off slightly. Wheat prices rose in late July and early August, then dropped sharply to levels slightly above mid-July. Commercial vegetable prices declined as summer production came on the market in volume.

Commodity Highlights

Cattle slaughter continues at a record rate. Under pressure of the large slaughter, cattle prices have declined from their seasonal summer peaks. Prices of top grades of cattle held up better than prices of lower grades. Prices of hogs will continue to decline seasonally, but will likely be higher than last fall. The annual rate of milk production in July was down from June but about 4 percent higher than a year earlier. Sales of dairy products to the Government continued large. Egg production in the rest of 1953 is expected to exceed the record fall level in 1952, but part of the gain in output will be offset by reduced storage holdings of shell eggs. Broiler marketings are continuing high and supplies of farm chickens are increasing seasonally. Total supplies of edible fats and oils in the year beginning October 1 are expected to be slightly greater than in the present crop year, with larger stocks of vegetable oils and butter more than offsetting a prospective drop in production. Prospects August 1 indicated a large supply of feed grains and other concentrates for the 1953-54 season. Market prices of corn in July and early August showed little net change at levels considerably below a year earlier. The marketing quotas approved by wheat farmers in the national referendum on August 14 are likely to result in a considerably smaller wheat crop in 1954 than in most recent years.

Some decline in grower prices for deciduous fruits can be expected with increased marketings in late summer, but prices probably will average about the same as in this period of 1952. Wholesale prices in terminal markets of several fresh vegetables began dropping in late July and further declines are probable as increased volume became available in the summer harvest. Packs of frozen and canned vegetables are expected to be generally adequate to meet anticipated distribution demand with not much change in retail price. Prices of potatoes at country shipping points and in terminal markets strengthened after mid-July, but remain substantially below a year earlier. The cotton crop this year is estimated to be $3\frac{1}{2}$ percent below 1952, but carryover stocks on August 1 were about double those of a year earlier. Wool prices in world markets have risen gradually since early 1952. Boston quotations for domestic wools have been relatively stable in recent months, well above a year earlier. Cigarette production in the year ending June 30 was the largest in history and is expected to continue high in the year ahead. Total 1953-54 supplies of flue-cured, Burley and Maryland tobacco, the major cigarette types, are expected to be slightly larger than in 1952-53.

GENERAL BUSINESS CONDITIONS

Domestic demand for goods and services continued high in July after strengthening somewhat in the second quarter. Combined spending by consumers, businessmen and the Government--the gross national product--rose 10 billion dollars in the second quarter to an annual rate of over 372 billion. However, most of this gain was due to business investment in rapidly expanded inventories of durable goods. Changes in the general price level were small and the increase represented largely an expansion in real output. Incomes apparently continued high in July as employment climbed to a new record for the month. Business investment and construction outlays also held near record levels, but industrial production declined about as usual in July.

Demand for Goods and Services

Total domestic demand for goods and services strengthened in the second quarter and continued high in July. Outlays by consumers and business enterprises were at new highs in April-June, 6 and 15 percent above a year earlier. With a rise of about 2 billion dollars in the rate of national security spending, Government purchases of goods and services were at a record postwar rate.

Consumer Spending

Consumer buying was at an annual rate of over 230 billion dollars in the second quarter, nearly 3 billion higher than in the first and 13 billion more than a year earlier. Both consumer income and spending are expected to continue large this quarter.

Retail sales in June (the latest month reported), after adjustment for seasonal variation, were close to the near-record levels attained in the first half of 1953 and were about 4 percent above a year earlier. Sales

by auto dealers rose less than usual in May and June but in the first 6 months totaled nearly 30 percent above a year earlier. Sales by furniture and appliance dealers, and by lumber, building materials and hardware stores were a little above those in the first half of 1952. Nondurable sales were off somewhat from May to June but the decline was less than seasonal and changes for most groups were small. Nondurable sales so far this year are about 4 percent above a year earlier. Department store sales in July were down 5 percent from June after adjustment for seasonal differences but were about 3 percent larger than in July 1952.

These high rates of buying were supported by record incomes and increased buying on credit. Personal incomes in the first half of 1953 were at an annual rate of 283.0 billion dollars, about 7 percent higher than in the same period of 1952. Largest increases were in wage and salary receipts and other labor income. Income of proprietors and from rentals showed a small decline from a year ago because of lower income of farm proprietors. Nonagricultural incomes were up more than 8 percent from the first half of 1952.

Greater use of consumer credit also stimulated consumer spending. At the end of June consumer credit outstanding totaled more than 27 billion dollars, a new record, about 1.4 billion higher than at the end of the first quarter and 4.6 billion above a year earlier. Most of the increase was in installment credit granted for the sale of automobiles. The increase in auto credit during the second quarter together with the expansion in installment credit for other consumer goods was equal to more than a third of the gain in personal consumption expenditures.

Investment Outlays Continue Large

Business capital outlays for new plant and equipment rose to a new high in the second quarter, and are scheduled to increase slightly further in the third. If these plans materialize, outlays for the first 9 months of the year will total 7 percent more than for the same months of 1952. Capital outlays by manufacturers of fabricated metal products, electrical machinery, other machinery, paper, chemicals and petroleum products would be substantially higher (ranging from 12 to 27 percent) than in the first 3 quarters of 1952. Capital expansion for public utilities is scheduled to be up nearly a fourth. Somewhat smaller investment outlays are indicated for primary iron and steel and nonferrous metals industries. Investment plans of manufacturers of heavy transportation equipment and aircraft call for a decrease of 26 percent, and those for textile mills a drop of nearly 30 percent. Small offsetting changes are expected for most other major industries.

Construction activity was at a record rate in the first 6 months of 1953, about 8 percent above a year earlier, and it continued high in July. However, the seasonally adjusted rate of private residential housing starts in July was about 18 percent below the recent February peak. Construction of industrial plants and facilities continued high in the first 7 months of this year, but totaled slightly below the record outlays of last year.

The upsurge in commercial construction after the relaxation of credit and other controls last fall, has been very strong. Total spending on this work in January-July was 47 percent above those months of last year, largely reflecting construction of new shopping centers. There was also a substantial increase in construction of warehouses and office buildings. Increases of about a tenth for the period were reported in private residential building and construction of public utilities. Public construction was about 6 percent higher than last year, with the major gains in construction of highways, atomic energy, military facilities, and public buildings. Expenditures for new construction in the year 1953 as a whole, according to a recent joint release by the Departments of Commerce and Labor are expected to reach 34.7 billion dollars, exceeding last year's record by 6 percent.

Investment in business inventories expanded rapidly in the second quarter, accumulating at an annual rate of nearly 9 billion dollars compared with 2.9 billion in the first quarter. At the end of June the book value of business inventories (after seasonal adjustment) totaled 77.6 billion dollars, an increase of 2.2 billion from the end of March. Most of the accumulation was in stocks in the hands of manufacturers. But deliveries by manufacturers have been running at near-record rates so that the ratio of their stocks to sales at the end of June was lower than a year earlier and has shown little change so far this year. Retail inventories have grown relative to sales since January, largely because of a buildup in stocks of passenger cars and home appliances. Ratios of inventories to sales are currently higher than a year ago for durable good and general merchandise stores, but are smaller for many nondurable goods.

Output and Employment

The August crop report, reflecting conditions as of August 1, indicates generally large crops for 1953, about the same in total as last year which was the second largest of record. There may be a small increase in output of livestock and products, but total farm production in 1953 is indicated to be about the same as the large 1952 output.

The Federal Reserve Board's index of industrial production (after seasonal adjustment) was at postwar record levels during March-June, but dipped in July to 232 percent of the 1935-39 average, compared with 241 in June. The drop in output was about usual and reflected summer vacation shutdowns which are not adequately reflected in the present seasonal adjustment. Total manufacturing in July decreased about 4 percent with nondurables off somewhat more than durables. Production of minerals was down about 5 percent. Steel mill activity dropped from 100 percent of capacity in May to around 97 in June and declined to 93 in July. But passenger car assembly rose to near record for the month of July. Truck production in late July was up from the sharply curtailed June rate to about the average rate of the first quarter. Output of crude petroleum and petroleum refining were up a little but mining of bituminous coal was reduced substantially as many mines shut down over the week of the 4th. Output of household durables continued below the peak reached in February. A build-up in inventories caused a curtailment of production in the second quarter.

Manufacturers' sales in June, after seasonal adjustment, were about the same as in May and almost one-fifth higher than a year earlier. New orders increased less than usual, again falling behind deliveries, and unfilled orders declined further. The decrease was in order backlogs for durable goods, particularly fabricated metals and machinery.

Employment Continues

High

Employment in July totaled 63.1 million, about the same as the record in June and 500,000 more than July 1952. A small drop in agricultural employment was matched by a gain in nonagricultural employment. However, with somewhat fewer people seeking jobs, unemployment, at 1.5 million, was down slightly from June, and the lowest for any July since World War II.

COMMODITY PRICES

The all commodity index of wholesale prices in mid-August was about unchanged from mid-July as average prices for farm products were off about 1 percent, but prices for other commodities averaged slightly higher. Compared with a year earlier, average prices for farm products in early August were down 12 percent and processed food, nearly 6 percent; while prices for products other than farm and food were up about 2 percent.

The index of 22 basic commodity prices in mid-August was about the same as in mid-July as gains of 30 percent in the price of lard and 1 percent in textiles approximately offset decreases of 2 percent in metals and 4 percent in steers. The 22-basic commodity index in mid-August was about 8 percent below a year earlier with all major groups of the index lower.

The consumer price index for goods and services purchased by urban families rose to a new high in June, slightly above May and about 1 percent higher than a year earlier. Most of the gain over a year ago was due to higher rents and other housing expenses, increased transportation costs and generally higher charges for services. Prices of both food and clothing averaged about 1 percent lower.

Prices Received by Farmers

The Index of Prices Received by Farmers remained unchanged during the month ending July 15 at 259 percent of the 1910-14 average, 12 percent below a year earlier. Prices received for cattle, hogs, milk and eggs were up substantially from mid-June. But sharply lower prices for most fruit and commercial truck crops and moderately lower prices for many other crops offset higher prices for livestock and products.

Central market prices for a number of farm products declined in late July and the first half of August reflecting large supplies and seasonal price movements. Substantial declines were reported for hogs and lower quality cattle as prices dropped more than usual in response to seasonally heavy marketings. However, hog prices recovered somewhat in the second week of August. Prices of slaughter steers at Chicago have also fallen

Table 1.- Indexes of wholesale and basic commodity prices,
selected groups August 11 with comparisons

(1947-49=100)

Group	August 11, 1953					
	: Aug. 11, 1953	: July 14, 1953	: Aug. 12, 1952	percentage change from		
				July 14, 1953	Aug. 12, 1952	
<u>22 Basic commodities</u>						
All commodities	: 88.1	: 87.9	: 95.9	1/	- 8.1	
Foodstuffs	: 92.1	: 90.8	: 94.2	+ 1.4	- 2.2	
Raw industrial	: 85.3	: 85.7	: 96.9	- .5	-12.0	
Livestock and products	: 66.5	: 64.5	: 71.3	+ 3.1	- 6.7	
Metals	: 94.0	: 96.4	: 113.8	- 2.5	-17.4	
Textiles and fibers	: 91.0	: 90.2	: 94.4	+ .9	- 3.6	
Fats and oils	: 60.1	: 56.5	: 64.3	+ 6.4	- 6.5	
<u>Wholesale prices</u>						
All commodities	: 110.6	: 110.5	: 112.0	+ .1	- 1.2	
Farm	: 96.6	: 97.4	: 110.0	- .8	-12.2	
Food, processed	: 104.7	: 104.6	: 110.8	+ .1	- 5.5	
All other than farm and food	: 114.8	: 114.5	: 112.7	+ .3	+ 1.9	

1/ Less than 0.5 percent increase.

off in recent weeks. Commercial vegetable prices declined as summer production came on the market in volume. Prices for cotton, soybeans, oats and rye were down from a month earlier. Wheat prices rose in late July and early August then dropped sharply to levels slightly above mid-July. Market prices of barley in the second week of August were considerably higher than in mid-July, and egg prices have risen seasonally in recent weeks.

Prices Paid by Farmers

The index of Prices Paid by Farmers Including Interest, Taxes and Wage Rates (the Parity Index) rose 2 points from mid-June to 278 percent of the 1910-14 average on July 15. This compares with 286 in July 1952. An increase of 8 percent in prices for feeder and replacement livestock and higher wage rates were primarily responsible for the rise in July. With the index of prices received unchanged, the rise in the parity index dropped the parity ratio from 94 in June to 93 in July, compared with 103 in July 1952.

Reflecting a generally strong consumer demand for most goods and services, the index of prices of farm family living items was at 271 on July 15, the same as a month earlier and less than 1 percent below the record first reached in July 1952. Average prices paid by farmers for food decreased about 3 percent over the year as substantially lower prices for beef and potatoes were only partly offset by higher prices for pork and eggs. Prices for household furnishings were slightly below a year earlier, but clothing, household operation, building materials, autos and auto supplies showed small increases from a year earlier.

Table 2.-- Group indexes of prices received and paid by farmers July 15, 1953
with comparisons

(1910-14=100)

Group	July 15, 1953					July 15, 1953	
	July 15, 1953	June 15, 1953	July 15, 1952	percentage change from June 15, 1953		June 15, 1953	July 15, 1952
All farm products.....	259	259	295	0	-	12	
All crops.....	237	251	276	- 6	-	14	
Food grains.....	218	222	230	- 2	-	5	
Feed grains and hay.....	197	198	227	- 1	-	13	
Cotton.....	269	266	311	+ 1	-	14	
Tobacco.....	426	425	436	1/	-	2	
Oil bearing crops.....	268	280	307	- 4	-	13	
Fruit.....	207	253	214	- 18	-	3	
Truck crops.....	216	270	287	- 20	-	25	
Other vegetables.....	196	194	359	+ 1	-	45	
Livestock and products.....	280	267	312	+ 5	-	10	
Meat animals.....	318	299	376	+ 6	-	15	
Dairy products.....	261	254	286	+ 3	-	9	
Poultry and eggs.....	223	213	208	+ 5	+	7	
Wool.....	303	312	296	- 3	+	2	
Prices paid, interest, taxes and wage rates.....	278	276	286	+ 1	-	3	
Family living items.....	271	271	273	0	-	1	
Production items.....	250	248	273	+ 1	-	8	
Parity ratio.....	93	94	103	- 1	-	10	

1/ Less than 0.5 percent decrease.

FARM INCOME

Farmers received 15.0 billion dollars from marketings in the first 7 months of 1953, 6 percent less than a year ago. Prices averaged 10 percent lower but marketings were up. Receipts from livestock and products were about 9.6 billion dollars, 8 percent less than in 1952 because of a severe drop in average cattle prices. Dairy receipts were down slightly, but poultry and eggs were up a little.

Crop receipts for the 7-month period were about 5.4 billion dollars, 4 percent below last year. Declines in receipts for wheat, cotton, and vegetables more than offset the gains in corn, soybeans, fruit, and tobacco.

With increased marketings, receipts in July totaled around 2.4 billion dollars, 13 percent above June. However, July receipts were 11 percent below a year ago because of substantially lower prices. Receipts from livestock and products in July were 1.4 billion dollars, slightly below a month earlier. Receipts from cattle and calves, butter-fat, and wholesale milk were below July of 1952. Crop receipts in July were about 1.0 billion dollars, up 45 percent from June because of seasonally larger marketings of wheat, cotton, fruit, vegetables and tobacco. However, they were down 16 percent from July last year, due mostly to lower prices for wheat, and corn.

LIVESTOCK AND MEAT

Cattle continue to be slaughtered at a record rate. This year's livestock slaughter and meat output is running above last year and is the largest ever, except for two wartime years. Beef consumption per person for 1953 will probably be the greatest in 54 years of record, and consumption per person of all red meat will be the third greatest for peacetime in the last 40 years. Under pressure of the large volume of slaughter, prices of cattle did not long retain their seasonal summer peaks. Prices of top grades of slaughter cattle have held up best. Prices of lower grades, including all grass cattle, are below an average relationship to prices of top grades.

Prices of the different grades of cattle are likely to remain in about their present relationship the rest of this year. Since fed cattle have been marketed at a faster rate than last year and feedlots refilled at a slower rate, supplies of slaughter cattle of top grades this fall will probably drop to or below a year ago. Their prices may stay up well. Prices of lower grades of cattle will be held down this fall, like last fall, by the seasonally large supply, a limited outlet for lower grade beef and by weaker demand for cattle to go on feed.

Prices of hogs will decline seasonally, but will likely be higher than last fall. The spring pig crop this year was 10 percent lower than the 1952 crop.

Livestock marketings seem to reveal lack of confidence in the outlook for livestock. Hogs have been rushed to market at light weight, cattle weights are off, and demand for cattle to go on feed is weak. The attitude reflects the past year's price declines and current large slaughter volume. It may prove not fully justified if consumer demand for meat stays as strong next year as this. Meat supplies quite possibly will not be so large next year.

DAIRY PRODUCTS

The annual rate of milk production in July was 115 billion pounds, 4 percent above a year earlier, but the lowest since August 1952. Output in the last half of 1953 is unlikely to increase as much as in 1952 when the annual rate rose from 110 in July to 123 by December. Later in 1953, output probably will be below the very high production in the corresponding months of a year earlier. The number of milk cows on farms is 2.6 percent above a year earlier. Partly because of drought, farmers are feeding concentrates at record rates.

Though the annual rate of milk flow has fallen, sales of dairy products to the Government continue large. This reflects the fact that milk flow still is seasonally large and there apparently is little inducement for private firms to store products for distribution next fall and winter. Annual rates of butter and cheese output also have fallen in the past several months, and later in the year probably will be below the monthly consumption rates. However, total production for the year probably will exceed consumption. In mid-August sales to the Department of Agriculture were at the following weekly rates: Butter 7 million pounds, American cheese 8 million pounds and nonfat dry milk 12 million pounds.

Consumption of most dairy products has changed little from last year, even though consumer incomes are running significantly above a year earlier, and retail prices of dairy products are slightly lower. Consumption of fluid milk and cream per person this year probably will about equal the revised figure of 352 pounds for 1952. The record is 399 pounds in 1945. Ice cream consumption in the first half of 1953 was about 2 percent over 1952. Use of butter to date in 1953 appears to have been a little above last year, mainly because of distribution in school lunch program and other eligible outlets. In 1952, butter consumption per person reached a record low of 8.7 pounds.

Per capita intake of milk fat in all forms in 1953 probably will about equal the 1952 low of 27.3 pounds. Per capita consumption of milk solids-not-fat (including nonfat dry milk solids) probably will be about 47 pounds in 1953, essentially the same as in 1952, compared with the peak of 50 pounds in 1946.

POULTRY AND EGGS

The supply of eggs per person for the rest of 1953 is expected to be above that of the last half of 1952. Production is likely to exceed the record fall level of 1952 since the number of layers is expected to be at or above 1952 levels and the rate of lay higher. Only part of the gain in output will be offset by lower storage holdings of shell eggs, which on July 1 were the lowest on record for that date. These supply prospects indicate that prices to farmers in the last half of 1953 will be closer to 1952 levels than in the first half of 1953.

With fewer layers on farms, egg production in February-May was about 1.5 million cases less than in the same period of 1952. Prices received by farmers averaged 10 cents or more per dozen higher. By mid-year, however, the number of layers on farms was about the same as a year earlier and production was up slightly. On August 1, the number of layers was 1 percent above last year, and the rate of lay 6 percent higher. Prices to farmers in mid-July averaged 47.7 cents per dozen compared with 43.3 cents at the same time in 1952.

Despite the favorable egg-feed price ratio this spring, farmers raised no more chickens for laying flock replacement than last year. The preliminary estimate of chickens raised shows 615 million for 1953 against 617 million in 1952. Because of the steady trend toward greater output per bird, this very slight decrease is not likely to reduce 1954 egg production from 1953 levels.

Broiler marketings are continuing high, reflecting the heavy chick placements of 9-12 weeks ago. Placements are turning downward, probably because of the seasonal shortage of hatching eggs. Broiler prices received by farmers in mid-July averaged 28.2 cents per pound compared with 26.2 in June and 29.3 cents in July 1952.

Supplies of farm chickens, mainly byproducts from egg production, are increasing seasonally. Mid-July prices received by farmers, 22.7 cents per pound, were about the same as in the previous month and almost a cent above a year ago.

Turkey hatchings in the first half of 1953 were 13 percent below last year. On July 1 cold storage holdings remaining from the 1952 crop were 52 million pounds, 4 million less than a year earlier, but 9 million pounds above average.

FATS, OILS, AND OILSEEDS

Prices of lard have tended upward during the last month as production has declined seasonally and supplies have been reduced. Lard stocks on July 1, 1953 totaled 169 million pounds, 46 million less than the year before. Stocks of edible vegetable oils on July 1, 1953 totaled about 1,300 million pounds, of which about 350 million were commercial and the rest were owned by CCC. A year earlier, commercial stocks totaled 650 million pounds. Production of edible oils in July-September 1953 will be greater than a year earlier, but output of lard will decline. Total disappearance of edible oils and lard is likely to be large enough to reduce stocks from the July level.

Production of edible fats and oils in the year beginning October 1, 1953 is likely to be moderately less than in the present crop year. However, total supplies will be slightly greater, as larger stocks of vegetable oils and butter more than offset the drop in output. Reduced production of animal fats is in prospect, with little change likely in vegetable oils.

The 1953 soybean crop, on the basis of reports as of August 1, is estimated at 295 million bushels, 1 percent more than last year. Output of cottonseed, based on the expected production of cotton lint, may be about 5,970 thousand tons, 3 percent less than in 1952. Reflecting a drop in the 1953 pig crops, production of lard in 1953-54 probably will decline more than 5 percent from the estimated output of 2,550 million pounds in the current crop year. Output of butter in the year beginning October 1, 1953 most likely will be smaller than in the present crop year.

Production of peanuts is estimated at 1,377 million pounds, 23 million more than last year. The 1953 crop will provide somewhat more peanuts than needed to meet domestic requirements for edible and farm uses.

Output of 1953 crop flaxseed is placed at 42 million bushels, 11 million more than last year. A crop of this size will be more than adequate to meet all needs for flaxseed and linseed oil. Also, beginning stocks of flaxseed and linseed oil are equal to more than a year's requirements.

CORN AND OTHER FEED

During July and early August there was little net change in market prices of corn and oats, while prices of barley and some of the byproduct feeds advanced. The price of No. 3 Yellow corn at Chicago has been fairly stable at around \$1.56 to \$1.60 per bushel in recent weeks. The small commercial stocks of corn and the large quantity of corn under price support have tended to maintain cash corn prices. However, favorable prospects for the 1953 corn crop have contributed to the generally weaker feed prices this summer than last. In mid-July prices received by farmers for feed grains averaged about 14 percent lower than in July 1952.

Growing conditions continued favorable for feed crops through early August in the important producing areas of the country, practically assuring a large supply of feed grains and other concentrates for the 1953-54 season. Prospective supplies are especially large in the North Central States, but drought has again materially reduced the production of feed grains and forage in a number of the Southern and Southwestern States.

The supply of all feed concentrates, including grains and byproduct feeds, for 1953-54 is estimated at 176 million tons. This would be about 4 percent larger than in 1952-53, and within two percent of the record supply in 1950-51. A record corn supply of over 4.1 billion bushels is in prospect, while estimated supplies of oats, barley, and sorghum grains are all below the 1946-50 average.

The 1953 production of feed grains, estimated in August at 122 million tons, appears to be fully adequate for 1953-54 requirements, and may result in some further increase in carryover stocks from the level of around 28 million tons expected at the beginning of the 1953-54 season.

WHEAT

The approval of marketing quotas by wheat farmers in the national referendum on August 14 is likely to result in a smaller wheat crop in 1954 than in most recent years. If the acreage seeded approximates the national allotment of 62 million acres and if yields equal the 1943-52 average, 950 million bushels would be produced next year. Output this year was estimated on August 1 at 1,203 million bushels and the 10-year average is 1,089 million. It should be emphasized that the 950 million-bushel figure is not a forecast of production in 1954. But a crop of this size would about meet anticipated domestic and export needs for 1954-55, and leave a carryover about as large as the 800 million bushels expected in July 1954.

The minimum loan level for the 1954 crop will be announced in the near future. It is not expected to differ greatly from the loan for the 1953 crop which was \$2.21. Existing legislation provides for mandatory 90 percent of parity support prices to growers who plant within their acreage allotments.

Total domestic wheat supplies for the marketing year which began July 1, 1953 are now estimated at about 1,765 million bushels. This would be the largest on record and 10 percent above the previous peak of 1,601 million bushels in 1942-43. It also would be 13 percent above the 1,568 million bushels of 1952-53. Domestic disappearance for 1953-54 is estimated at about 700 million bushels, slightly more than the 692 million of 1952-53. If exports total 260 million, about 800 million would be left for carryover on July 1, 1954. This would be more than 25 percent above the record of 631 million in 1942, and about 45 percent above the 559 million for July 1, 1953. U. S. exports of wheat will depend upon the way crops turn out in both exporting and importing countries. On the basis of early season prospects, our exports may be expected to range between 250 and 275 million bushels.

Wheat prices at Kansas City advanced about 18 cents since the last of June, while prices at St. Louis were up only 3 cents from their low on July 13. Prices at Minneapolis at present are about at the low for the season to date, reflecting an increased movement of spring wheat which takes place later than that of winter wheat. With the vote on August 14 approving marketing controls, price supports for cooperators at 90 percent of parity are guaranteed for the 1954 crop.

Selling of 1953-crop wheat from farms in the Southwest has been greatly reduced, because hard red winter wheat producers appear to have found space for their newly harvested grain and substantial amounts are going under price support. In the soft red winter wheat region marketings are down sharply, but a significant movement is still taking place. Ordinarily, growers in this area do not store extensively, since they produce relatively small quantities and conditions are not as favorable for storage as farther west and north. However, indications are that more soft red winter is being stored this year than heretofore.

RYE

Domestic supplies of rye for the 1953-54 marketing year, estimated at 23.7 million bushels, are 4.0 million bushels larger than last year but 2.5 million smaller than two years ago. The 1953 crop, estimated at 17.5 million bushels as of August 1, is the third smallest in 78 years. Domestic disappearance of rye in the 1953-54 year may be slightly larger than the 19 million in 1952-53. Exports are expected to be small (about 4.0 million bushels) and July 1, 1954 stocks may not be much different from the 6.3 million bushels a year earlier. Rye prices are substantially below support levels. It is expected that large quantities will be put under price support. This will have a strengthening effect on market prices as the season advances.

Rye acreage for harvest in 1954 may be increased slightly from 1953 as a result of a reduction in wheat acreage. Relatively low prices for rye prior to seeding time, however, will tend to limit acreage increases.

FRUIT

With increased marketings of deciduous fruits harvested in large volume in late summer, some decline in grower prices can be expected. But prices probably will average about the same as in that period of 1952. Among individual fruits, prices for pears and grapes probably will be somewhat higher than a year earlier, those for peaches about the same, and those for apples and prunes lower. Grower prices for California Valencia oranges may not average quite as high during September 1953 as in this month of 1952.

Prospects for exports of fruit in 1953-54 are not greatly different from 1952-53. Dollar exchange continues limited in Western European countries. Exports of apples from the United States probably again will be relatively small, but those of winter pears may be larger. Exports of fresh and processed citrus may increase further. With the outlook for reduced production of raisins, exports probably will be under the large 1952-53 tonnage.

Total production of deciduous fruits in 1953 is expected to be about 1 percent smaller than in 1952 and 5 percent under the 1942-51 average. The grape, sweet cherry, pear, and strawberry crops are smaller than in 1952, with the heaviest reduction in grapes. Tonnage decreases in these crops are not quite offset by increases in apples, apricots, peaches, sour cherries, plums and prunes, and cranberries. Total tonnage of almonds, filberts, pecans, and walnuts is expected to be nearly as large as in 1952.

A larger tonnage of deciduous fruit probably will be processed in 1953 than in 1952. Small increases in the packs of canned fruits and frozen fruits and fruit juices are expected. The 1953 output of canned fruit juices, including the completed Florida citrus pack, probably will be smaller than in 1952. Because of increased consumption, current stocks of frozen and canned citrus juices are considerably lower than a year ago. The size of the 1953 pack of dried fruits is still uncertain, depending largely on the production of raisins.

COMMERCIAL VEGETABLES

For Fresh Market

Increased production and availability of several fresh vegetables in late July caused wholesale prices in terminal markets to begin dropping. As increased volume becomes available in the summer harvest period, further declines in prices are probable. For the entire summer season commercial supplies of fresh vegetables are expected to be about 6 percent larger than those grown in 1952, and prices to growers may average lower. Harvest in early July were delayed by unfavorable weather and prices rose.

Significant increases in production above 1952 summer levels are expected this summer for watermelons, celery, onions, snap beans, and early and mid-summer cantaloups, but smaller production is expected for green peas, lettuce, eggplant and cauliflower.

For Commercial Processing

Adjustments from last year in this year's acreage and production of processing crops are expected to result in packs of canned and frozen vegetables which are generally adequate to meet anticipated distribution demands with not much change in retail prices. Stocks of canned tomatoes, tomato juice and tomato products held by canners this July 1 were much larger than those of a year earlier. Heavier stocks were an important factor in the decision of canners to reduce acreage of tomatoes substantially this year. Indications are that farmers in some areas were offered somewhat lower prices for tomatoes under contract this year. As of August 1, the processing tomato crop was indicated at 20 percent under the 1952 crop.

POTATOES AND SWEETPOTATOES

After mid-July, average weekly carlot shipments of potatoes, principally from California, slackened considerably. Prices for potatoes at country shipping points and in terminal markets have since strengthened appreciably, but remain substantially lower than a year earlier. With no more than an adequate supply of potatoes estimated in the intermediate States, prices for potatoes should remain fairly steady until the late crop comes on in volume. But an increase in early diggings in the late States could materially affect the market.

Prices received by farmers for sweetpotatoes are expected to decline more than seasonally as the larger 1953 crop becomes available. Wholesale prices in New York City in late July were only slightly higher than a year earlier and were declining; by mid-August they were off more than a third from last year.

COTTON

The supply of cotton in the United States for the 1953-54 marketing year is estimated at 20.2 million running bales, 11 percent larger than that of the preceding season, and the largest supply since 1949-50. The 1953 supply includes the crop forecast on August 1 of 14.5 million running bales (or 14.6 million 500 pound bales), a beginning carryover of 5.5 million, and estimated imports of 0.2 million.

The estimated 1953 crop is 3.5 percent smaller than the 1952 crop and is the smallest since 1950. The largest decrease is taking place in the Southwest and Delta States where production is estimated to be about 5 percent below the preceding season. Production in the Western States will probably be about 4 percent below last season.

The carryover on August 1, 1953 of 5.5 million bales was nearly double the 2.8 million bales of a year earlier and was the largest since August 1, 1950 when stocks amounted to 6.8 million bales. The Commodity Credit Corporation held about 2 million bales, or 36 percent of the 1953 carryover, on August 1. Stocks in consuming establishments of 1.5 million bales comprised about 27 percent of the August 1 stocks and were the largest mill stocks on any August 1 since 1945. Stocks of foreign cotton in the August 1 carryover amounted to about 93 thousand bales and also were the largest recorded on August 1 since 1951 when stocks of foreign cotton were 112 thousand bales.

If disappearance in the 1953-54 marketing year is between 12.2 and 13.5 million bales, a supply of 20.2 million bales would leave carryover stocks on August 1, 1954 of 6.7 to 8.0 million bales. Such a supply of cotton would be 150 to 166 percent of disappearance. When the supply exceeds 130 percent of estimated disappearance, the law requires that national marketing quotas shall be proclaimed for the following year.

Mill consumption of cotton in 1952-53 amounted to about 9.5 million bales. The mills consumed more long staple cotton in the 1952-53 marketing year than in the preceding season. Consumption included less American-Egyptian and more Egyptian cotton, reflecting the lower price of Egyptian cotton.

WOOL

A strengthening of world demand, the movement of a substantial part of the domestic clip into the loan program, and additions to the stockpile in the United Kingdom have resulted in a gradual rise in wool prices in world markets since early 1952. During the final month of sales in Australia, prices were down slightly from the previous month but still ranged between 35 and 40 percent above the lows of March 1952.

Boston quotations for domestic wools have been relatively stable in recent months and well above a year earlier. Quotations for most domestic fine and half-blood wools have been above loan values, while quotations for three-eighths blood and coarser wools have been below.

Prices received by domestic growers for shorn wool this season have been averaging slightly above the national average loan rate of 53.1 cents under the 1953 program.

The upward trend in world consumption which began in late 1952 continued through the first quarter of this year, when consumption was about one-third above a year earlier and only about 5 percent below the record of the first quarter of 1950. Consumption in both January-March and the final quarter of 1952, is estimated to have been at an annual rate well above world production during the 1952-53 season.

Consumption of wool in the United States during the early months of this year also was above a year earlier. Mill use of apparel wool through May was up almost one-fifth and of carpet wool over one-fourth from last year. The weekly rate of consumption of apparel wool during May was the highest for any month since early 1951.

Imports of apparel wool for consumption in the United States dropped sharply below a year earlier in April and May after having been slightly above in the first quarter. The January-May total was about one-tenth below imports for the same period last year. The decline during April and May probably reflected larger movement of domestic wools into manufacturing channels than last season. Imports of carpet wool during the first 5 months of 1952 were up about three-fifths over last year.

Exports of wool from the Southern Hemisphere during the 1952-53 season have been well above both 1951-52 and 1950-51. Indications are that the carryover in these countries at the end of the season will be considerably

lower than a year earlier, even though production during 1952-53 was substantially larger than in 1951-52. On the other hand, stocks in consuming countries have been increased.

Domestic shorn wool production this year has been estimated at 229.3 million pounds, grease basis, down 1 percent from last year. However, somewhat more pulled wool is expected this year than last, reflecting increased slaughter. Total production probably will not differ greatly from the 266 million pounds produced last year.

TOBACCO

Demand has been strong at the auctions for flue-cured which began in the Georgia-Florida (type 14) area on July 16 and in the Border South Carolina and North Carolina (type 13) area in last July and early August. For sales of type 14 through August 19, prices averaged 51.2 cents per pound, 4 percent above the comparable average of a year earlier. Prices for sales of type 13 through August 19, averaged 53.8 cents, about the same as in the comparable period of a year earlier. The Government price support level (for all belts combined) is 47.9 cents, 5.3 percent less than in 1952. Growers placed about 4 percent of deliveries under Government loan through mid-August, about the same proportion as in the early part of the 1952 season.

Domestic use of flue-cured, mostly in cigarettes, was a record in the year ended June 30, 1953. Cigarette production was the largest in history and is expected to continue high in the year ahead. The August 1 production indication for flue-cured was 1,270 million pounds, 7 percent lower than 1952 harvestings. However, carryover was larger, and total 1953-54 supply will slightly exceed the 1952-53 level.

Auction sales for the 1952 crop of Maryland closed August 7. Demand was stronger than a year ago and prices averaged 49.8 cents for the season, nearly 14 percent above a year ago. The August 1 indication was for a 37.6 million pound 1953 crop, 5 percent smaller than the 1952 crop.

The 1953 crop of Burley was indicated at 579 million pounds as of August 1. This is 11 percent below the record 1952 crop, but the carryover is expected to be larger and total supply for 1953-54 probably will be a little above a year earlier. The 1953 minimum price support for Burley (announced in March) is 46.6 cents per pound.

The total 1953-54 supply seems likely to be a little lower than in 1952-53 for fire-cured tobacco but, for dark air-cured, a little larger. Total supplies of cigar filler, binder, and wrapper for 1953-54 are each indicated as being moderately less than in 1952-53.

Tax-paid withdrawals of large cigars in the year ending June 30 were indicated at over 6 billion, the largest since 1930-31 except for 1941-42. Output of snuff, smoking, and chewing tobacco dropped below a year earlier.

Exports of unmanufactured tobacco during the 1952-53 fiscal year are estimated at 445 million pounds (declared weight), 14 percent below a year earlier. The major decline was in that going to the United Kingdom, where takings were unusually large in the previous year.

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